



**Australian Government**  
**Services Australia**

Our Ref: IS26-000002

Acting Chief Executive Officer  
Charles McHardie AM

Mr Josh Burns MP  
Chair, Joint Committee of Public Accounts and Audit  
Parliament House  
CANBERRA ACT 2600

Email: [jcpaa@aph.gov.au](mailto:jcpaa@aph.gov.au)

Dear Mr Burns

**Inquiry into the administration of the Age Pension**

Thank you for your correspondence of 13 April 2026 in relation to the Joint Committee of Public Accounts and Audit (JCPAA) new inquiry into the administration of the Age Pension, and a request for a submission from Services Australia (the Agency) addressing the inquiry terms of reference.

The Agency welcomes the opportunity to contribute to the inquiry and outline measures underway to address ANAO audit recommendations through a phased uplift. The Age Pension supports millions of older Australians, and maintaining confidence in its administration is fundamental to the integrity of the social security system.

This inquiry provides an important opportunity to consider how this large component of social security payments is administered, assured and continuously improved.

Thank you for the opportunity to lodge this submission. The Agency's submission can be found at [Attachment A](#) to this letter.

Yours sincerely

Charles McHardie

 May 2026



Australian Government



Services  
Australia

# Inquiry into the administration of the Age Pension

## Introduction

Services Australia welcomes the opportunity to make a submission to the Joint Committee of Public Accounts and Audit (JCPAA) inquiry into the administration of the Age Pension.

The Auditor-General report No.20 of 2025-26 *Administration of the Age Pension*, was tabled on 27 January 2026 and assessed the effectiveness of the Department of Social Security (DSS) and Services Australia's (the Agency) administration of the Age Pension over the period of July 2021 and June 2024.

The audit makes nine recommendations to the three entities' that have the following respective roles and responsibilities for the Age Pension.

- DSS as the policy owner is accountable for policy design, legislative settings, advice to Government, and stewardship of the program.
- The Agency is the operational administrator of the Age Pension, including claims processing, eligibility and payability assessments, payment delivery, and operational controls.
- The Department of Veterans Affairs (DVA) administers the Age Pension to a small cohort of approximately 4,000 veterans and their partners under a Memorandum of Understanding (MoU) with DSS.

Five audit recommendations are directed to the Agency (Recommendations 5, 6, 7, 8 and 9), with one audit recommendation for joint response by DSS and the Agency (Recommendation 1).

### Performance since the Audit Period

Since the period examined in the audit, the Agency has achieved a higher standard of performance against payment accuracy and claim processing timeliness. This includes:

- improvement in Age Pension payment accuracy, with the achievement of 97.97% in 2024–25, as measured through the Payment Accuracy Review Program (PARP), compared to 96.97% in 2023–24. This was an increase of 1 percentage point, and restored Age Pension payment accuracy to above 97%, a result last achieved in 2020–21 (as shown in Figure 2.1 in the audit report).
- An improvement in the number of Age Pension claims processed within the target of 49 days at 76% in 2024–25, compared to 48% in 2023–24. This was an improvement of 28 percentage points.
- A reduction in the average processing time for Age Pension claims, with a result of 37 days on average to process an Age Pension claim in 2024-25, compared to 76 days in 2023-24. This was an improvement of 39 days, taking less than half the time taken in 2023-24.

### Strategic design review

In addition to implementing the audit recommendations, the Agency has commenced a strategic design review to strengthen the assessment of income and assets for Age Pension claims. The review has focused on the current end-to-end assessment process, identifying pain points and risk areas, and mapping opportunities for improvement. A draft report has been developed and is expected to be finalised before the end of the 2025–26 financial year. Phase two of the work will focus on designing potential solutions to address issues identified in the review.

## Effectiveness of oversight arrangements

In its examination of DSS effective oversight of the Age Pension, the audit made a joint recommendation (Recommendation 1) to the Agency and DSS to review payment assurance controls and ensure they are effective and appropriate.

The Agency agreed to this recommendation and committed to reviewing the annual assurance statements. We also agreed to rectify issues identified in the IT system that support assessment of Age Pension and implement effective IT controls.

Since the audit was published, the Agency has taken steps to strengthen its approach to payment assurance controls and the way limitations, risks and system issues are identified, escalated and disclosed. This includes reviewing the content of the DSS annual assurance statement to ensure it articulates the basis for assurance provided, and acknowledges known limitations and risks associated with payment integrity assurance arrangements.

## **Processes for assessing applicant and recipient eligibility**

The audit concluded that the Agency's claims assessment processes are partly effective. It found gaps in the verification of assets and income, compliance activities and risks associated with the use of IT systems to assess claims limited the Agency's ability to correctly assess and confirm applicants' and recipients' Age Pension eligibility and payment rate.

The audit made three recommendations relevant to this (Recommendations 5, 6 and 7).

*Recommendation 5 was directed at the Agency to implement an approach to verify applicants' assets and income to reduce risks to the correctness of Age Pension eligibility assessments.*

The Agency agreed to the recommendation, and responded advising that it would continue to work with:

- relevant stakeholders to maintain data exchanges with trusted sources of information, reducing risks to the correctness of Age Pension claim assessments.
- DSS to identify legislative reform opportunities to expand on the Agency's capabilities to verify customer circumstances using third-party data.

The Agency also noted that verification already occurs from reviews of supporting documentation provided by customers.

The Agency has progressed several initiatives to improve payment accuracy that were not examined in the audit. These include:

- reinstating Post Payment Transaction Testing (PPTT) of a random sample of Age Pension claims, confirming system-calculated rates and identifying control or system issues requiring remediation
- expanding bulk electronic exchanges with overseas pension authorities
- using ATO data from Single Touch Payroll (STP) system to autofill employments details, including employment end dates for all new claims, including Age Pension claims, and
- issuing nudge notifications to customers with income and assets such as bank accounts, where the customer has not provided the Agency with an update in more than 12 months.

*Recommendation 6 was directed at the Agency to develop and implement an approach to identify and manage risks arising from all its automated processes (to assess Age Pension claims).*

The Agency agreed to the recommendation, and responded advising that it would:

- undertake work to ensure that business rules are appropriately documented
- ensure quality checking and reporting are conducted appropriately in alignment with program requirements, and
- work closely with the Attorney General's Department to support the development of a framework to support the safe and ethical use of automation. Once endorsed, the Agency will apply the framework across automation and AI initiatives as appropriate.

The response to this recommendation also noted the publication of the Agency's *Automation and Artificial Intelligence (AI) Strategy 2025–27* in May 2025. The strategy helps guide the Agency in the responsible integration and use of automation and AI technologies through the development of necessary culture, practices, processes, and governance. It positions the Agency as a best practice organisation where automation and AI is used responsibly, ethically and safely.

*Recommendation 7 was directed at the Agency to strengthen the Compliance Assurance Program to better manage investment income/assets and income-stream payment accuracy risks (including automated income stream reviews, proof of life), and to identify and report on underpayments.*

The Agency agreed to the recommendation, and responded advising it would:

- apply an assurance mechanism that ensures proof of life reviews are implemented as intended by legislation
- continue working with DSS to consider improvements to the proof of life legislation, and
- continue to monitor and invest in the Automation of Income Stream Reviews process, while addressing payment accuracy risks and achieving intended savings from the process.

The Agency's verification of assets and income is dependent on access to trusted third party data sources, including data held by other government entities, and superannuation providers. The effectiveness, coverage and timeliness of these data exchanges directly influence the Agency's ability to verify income and assets and maintain payment accuracy at scale.

The Agency continues to explore approaches with DSS to support the safe, methodical expansion of trusted data exchange arrangements, with appropriate assurance, governance and safeguards in place, to strengthen verification of assets and income as part of payment accuracy.

## **Arrangements to communicate and manage engagement with applicants and recipients**

The audit concluded that the Agency's communication and engagement with Age Pension applicants and recipients is partly effective. The audit made two recommendations (Recommendations 8 and 9).

*Recommendation 8 was directed at the Agency to review and as appropriate revise the letters notifying recipients on their possible debt to ensure that these specify the rationale or basis for the decision.*

The Agency agreed to the recommendation, and responded advising that it would:

- review Age Pension account payable letters to ensure they comply with the *Social Security Act 1991* and make revisions if the review finds these are required, and
- continue to work with advocacy groups and stakeholders to enhance the clarity, tone and accessibility of debt notices, ensuring they are easy to understand and provide customers with the information and support they need.

*Recommendation 9 was directed at the Agency to use data collected and older Australians' engagement needs/preferences to develop and implement an approach that helps applicants complete claims confidently and on time, reduces wait times (claims and calls) consistent with performance measures, and provides targeted digital coaching support plus access to trained service officers.*

The Agency agreed to the recommendation. It responded advising that it would continue to work in partnership with stakeholders to enhance the Age Pension claim experience, balancing customer needs with the requirement to maintain or improve processing and telephony performance within Agency benchmarks.

Since the audit report has been published, the Agency has:

- prioritised improvements to claim timeliness and telephony performance through operational, workforce and process initiatives, including upskilling staff in complex income and asset assessment, improving claim streaming and early allocation, expanding early resolution capability, and strengthening first contact resolution to reduce avoidable delays while maintaining quality and assurance.
- reviewed the transfer to age pension process after feedback from advocates, and revised the online workflow to a more logical step through process, and added further instruction to make it clearer what was being asked and what needed to be provided.
- provided targeted support for older Australians through digital coaching and access to trained service officers, including one-on-one coaching, staff-supported claims, face-to-face services and Mobile Service Centres in regional and remote locations, complemented by specialist outreach and information sessions.